



City of Wheatland

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CITY COUNCIL MEETING STAFF REPORT

Date: September 8, 2009

Agenda Item: 4.4

Subject: Ord. 416 – Purchasing Policy

Prepared by:
Rex E. Miller

Approved: 
Stephen L. Wright
City Manager

Recommendation: That the City Council introduce and waive the first reading of Ord. 416 which would amend Chapter 3.04 of the Wheatland Municipal Code which is the Purchasing System Rules and Procedures for the City. This amendment would authorize the City Manager as the Purchasing Officer for the City to make purchases of supplies and equipment as specified in the Code up to a value of \$25,000. per purchase without having to go through the formal bidding process. The current limit is \$5,000 per purchase. All purchases made under this provision must have been approved in the budget or there must be unappropriated funds available in the budget. If appropriated funds are not available, then the purchase must have prior Council approval.

Discussion: The existing limit of \$5,000 was established quite a few years ago and the costs of routine operating supplies and equipment have increased significantly during this period. Staff believes the adoption of this change will increase the efficiency of the operation of the City by requiring less time to acquire the standard operating supplies and equipment for the City and will not significantly affect the economic results of having to formally bid every purchase that is currently \$5,000 to \$25,000 in value.

Alternatives: Allow the current ordinance to remain in place which requires formal bidding for every purchase that is \$5,000 or greater.

Fiscal Impact: There should be no direct fiscal impact as all purchases must have appropriated funds available before purchase.

ORDINANCE NO.

**AN ORDINANCE OF THE CITY COUNCIL
OF THE CITY OF WHEATLAND
AMENDING PURCHASING SYSTEM RULES AND PROCEDURES**

The City Council of the City of Wheatland does ordain as follows:

SECTION 1. Purpose and Authority. The purpose of this ordinance is to amend the City's personal property purchasing system rules and procedures. This ordinance is adopted pursuant to Government Code Section 54202 and other applicable law.

SECTION 2. Chapter 3.04 Amended. Wheatland Municipal Code chapter 3.04 is hereby amended to read as follows:

Chapter 3.04

PURCHASING SYSTEM

Sections:

3.04.010	Applicability
3.04.020	Purchasing Officer
3.04.030	Purchase Order
3.04.040	Encumbrance of funds
3.04.050	Petty Cash Fund
3.04.060	Purchases Less Than \$25,000.00
3.04.070	Purchases \$25,000.00 and Over
3.04.080	Emergency Purchases

3.04.010 Applicability. This chapter shall apply to the purchases and procurement by the City of supplies and equipment, including, but not necessarily limited to, vehicles, computers and other machines, office supplies, tools and furniture (collectively "Supplies"). It shall not apply to the purchase of fuel, oil and other maintenance supplies, consultant or services contracts, utility services contracts, procurement of insurance and bonds, or the award of construction contracts for public works projects.

3.04.020 Purchasing Officer. The purchasing officer shall be the City Manager, and he or she shall have general responsibility over purchase and procurement of Supplies for the City. Pursuant to and subject to the provisions of this chapter and of other applicable law, the purchasing officer shall:

- A. Purchase or contract for Supplies required by any City department;
- B. Negotiate and recommend execution of contracts for the purchase of Supplies;
- C. Act to procure for the City the necessary quality in Supplies at the least expense to the City;

D. Discourage uniform bidding and endeavor to obtain as full and open competition as possible on all purchases;

E. Prescribe and maintain such forms as reasonably necessary to the operation of this chapter; and

F. Supervise the inspection of any Supplies purchased to insure conformance with specifications.

3.04.030 Purchase Order. Except as otherwise provided in this chapter, all purchases of Supplies shall be made only by purchase order approved in advance by the purchasing officer. City department heads may submit requests for Supplies to the purchasing officer in the form of a proposed purchase order and in a form and level of detail satisfactory to the purchasing officer. For the purposes and within the limits of funds budgeted for such purchase, the purchasing officer may question the propriety of any requisition and may require the department head to justify the quality or quantity of a requested purchase.

3.04.040 Encumbrance of Funds. Except in cases of emergency under Section 3.04.060 or as otherwise authorized by the City Council, the purchasing officer shall not approve any purchase order for Supplies unless there exists an unencumbered appropriation in the budgeted fund account against which the purchase is to be charged.

3.04.050 Petty Cash Fund. Each department head may make petty cash fund purchases of Supplies up to the amount of seventy five dollars (\$75.00) per purchase. A department head may make purchases from the petty cash fund so long as (a) the purchase does not exceed \$75.00, (b) there exists an unencumbered appropriation in the budgeted fund account for the purchase, and (c) the department head shall submit to the purchasing officer copies of the vendor receipts for each petty cash fund purchase with a notation of the budgeted fund to be charged. Petty cash fund purchases shall not be subject to sections 3.04.030, 3.04.040 or 3.04.060.

3.04.060 Purchases Less Than \$25,000.00. For purchases or acquisitions as specified in section 3.04.010 with an estimated value of less than \$25,000.00, the purchasing officer may make or authorize and direct the purchase on the open market by seeking the most favorable terms and price either through negotiation, comparative pricing and/or informal competitive bidding, whichever method the purchasing officer deems most appropriate in the circumstances. If there are unencumbered appropriated funds in the applicable account available in the approved budget for the purchase, then the purchasing officer may approve the purchase. If there are not unencumbered appropriated funds in the applicable account within the approved City budget, then the purchase must be authorized in advance by the City Council.

3.04.070 Purchases \$25,000.00 and Over. A purchase or acquisition as specified in section 3.04.010 with an estimated value of \$25,000.00 or greater may be made by the purchasing officer pursuant to the bidding procedures in this section, unless one of the following exceptions applies: (a) the item can be obtained from only one vendor or supplier; (b) the item is to be purchased under a State of California Department of General Services contract for items available to all public agencies; (c) the item is to be purchased under a contract negotiated by any other public agency through a process that substantially conforms to the City's bidding

requirements and the vendor agrees to extend the terms of the contract to the City; or (d) the City Council determines otherwise. The bidding procedures are as follows:

A. The purchasing officer shall prepare a notice inviting bids for the purchase, including a general description of the Supplies to be purchased, the deadline for receipt of sealed bids, and the time and place for the bid opening. The notice inviting bids shall be posted in three public places in the City and shall be distributed to responsible prospective suppliers and vendors as the purchasing officer deems most appropriate in the circumstances. The period to respond to the notice inviting bids shall be at least three working days. When the purchasing officer deems it appropriate, a bidder's security may be required in a form and amount as determined by the purchasing officer. If a bidder's security is to be required, the bid security requirement shall be set forth in the notice inviting bids.

B. The bids shall be opened in public at the time and place for the bid opening. The purchasing officer shall tabulate all bids received and keep them open for public inspection. At the next City Council meeting following the opening of bids, the purchasing officer shall present the bids to the City Council. In its discretion, the City Council may (1) award the purchase to the lowest responsible bidder; (2) reject all bids and re-advertise for bids; (3) reject all bids and not proceed with the purchase; or (4) reject all bids and direct that an open market purchase be made by the purchasing officer, provided that the City Council reasonably determines that the price to be paid on the open market would be less than the bid of the lowest responsible bidder.

C. "Lowest responsible bidder" as used in this section shall mean that the bidder which timely submits a complete and fully responsive bid and which best responds in price, quality, service, fitness and capacity to meet the particular requirements of the City. Price alone shall not be the determinative factor, but shall be considered along with availability of parts or service, prior experience with the bidder, and any other factors relating to the particular needs of the City for Supplies to be purchased.

3.04.080 Emergency Purchases. In case of an emergency affecting the public health, safety or welfare, the purchasing officer is authorized to make necessary purchases of Supplies from any available source in any appropriate manner. Purchases made under this section do not require prior City Council approval and may be made without complying with other sections of this chapter. The purchasing officer shall promptly report to the City Council the nature and the amount of such emergency purchases and the circumstances which warranted the purchase. The purchase shall be subject to ratification by the City Council at its next meeting.

SECTION 3. Effective Date. This ordinance shall take effect 30 days after its final passage.

SECTION 4. Publication. Within 15 days from the date of passage of this ordinance, the City Clerk shall post a copy of it in at least three public places in the City.

INTRODUCED by the City Council on the 8th day of September 2009.

PASSED AND ADOPTED by the City Council of the City of Wheatland on the ____ day of September 2009, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Enita Elphick, Mayor

Attest:

Lisa J. Thomason, City Clerk

I hereby certify that the foregoing is a true and correct copy of City of Wheatland Ordinance No. _____, which ordinance was duly introduced, adopted and posted pursuant to law.

Lisa J. Thomason, City Clerk